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PREPARATION OF A SUCCESSOR AGREEMENT TO THE INTERNATIONAL COCOA AGREEMENT, 1986

International co-operation on cocoa

Note prepared by the UNCTAD secretariat in co-operation with the Secretariat of the International Cocoa Organization

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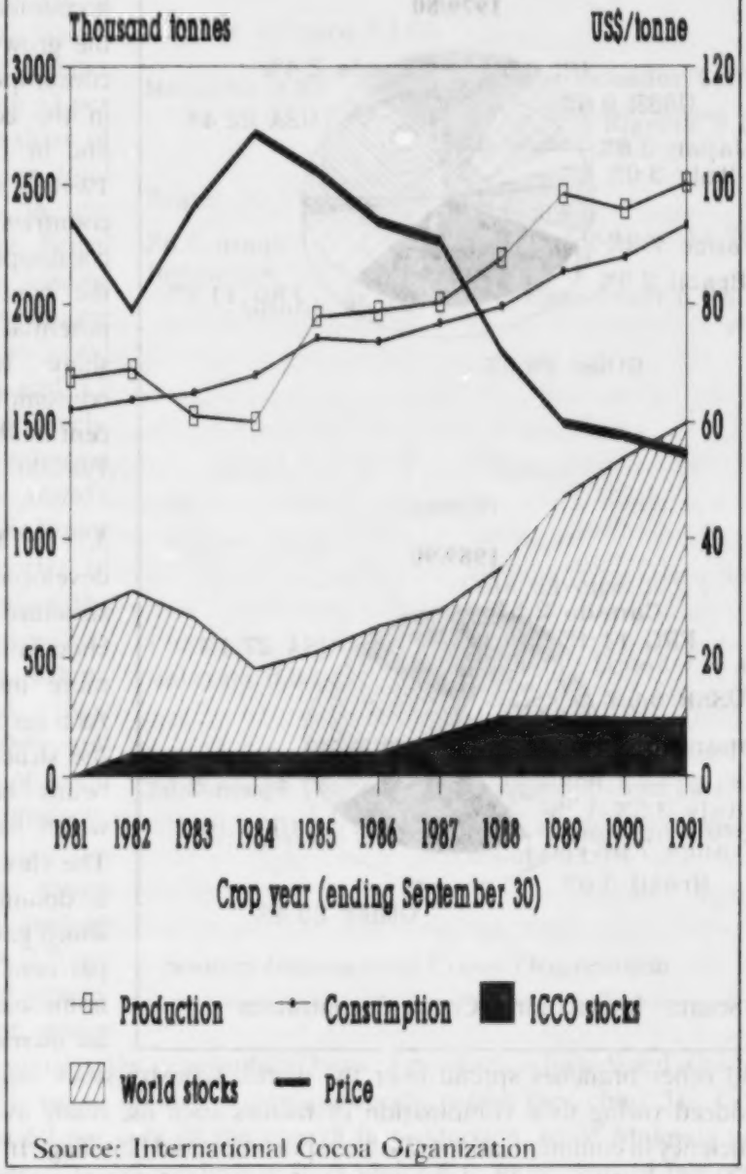
I. INTRODUCTION

1. During the eighties, the world cocoa economy underwent a profound structural change. A situation of persistent oversupply characterized by historically low nominal and real prices and unprecedentedly high levels of cocoa stocks prevailed, as portrayed in chart 1. Structural changes affected both the demand and supply sides of the world cocoa economy and their impact should continue to be felt at least into the next century[1].

Chart 1: World production, consumption, stocks and prices of cocoa beans, 1981-1991

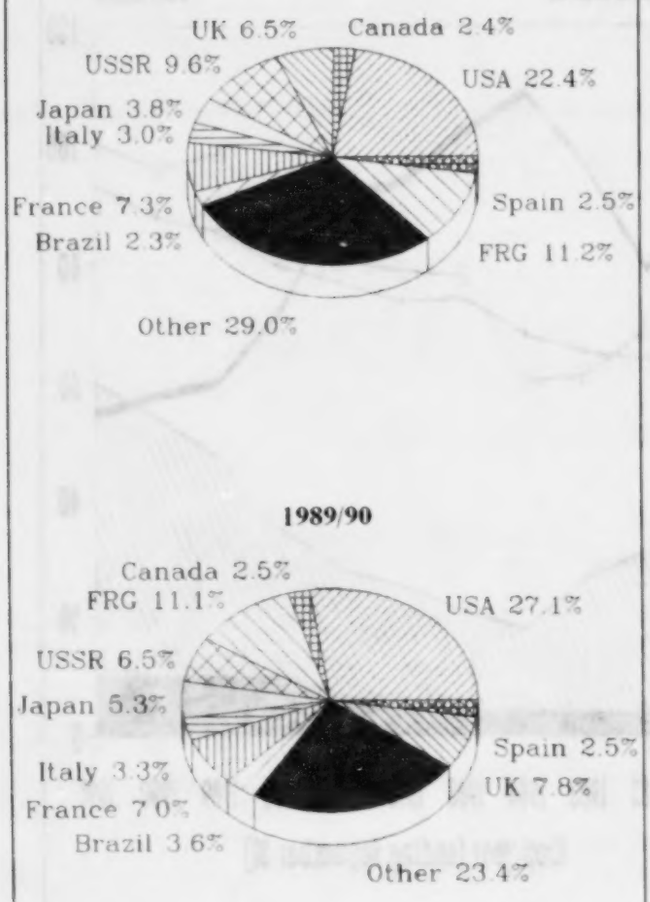


Source: International Cocoa Organization

2. Demand for cocoa showed steady and rapid growth as compared to most other commodities with an average annual growth rate of approximately 3.6 per cent per annum for the eighties. While the situation varied from country to country, the widening range of chocolate products was the main factor increasing consumption. As can be

1. For a detailed analysis of the world cocoa economy, see Prospects for the world cocoa market until the year 2005, a report by the UNCTAD secretariat and the Secretariat of the International Cocoa Organization (ICCO), UNCTAD/COM/5, Sales No. E.91.II.D.2.

Chart 2: Major final consumers of cocoa (percentage share of world consumption)



Source: International Cocoa Organization

seen from chart 2, the traditional markets of North America and Western Europe[2] took an increased share of world consumption and accounted for almost 80 per cent of the growth in demand. While cocoa consumption increased by 44 per cent in the countries of Eastern Europe and in USSR between 1979/80 and 1988/89, major policy changes in these countries led to a substantial fall in consumption by the nineties, despite the continued existence of a large potential for growth in demand. The share of the USSR in world consumption declined from 9.6 per cent in 1979/80 to only 6.5 per cent in 1989/90.

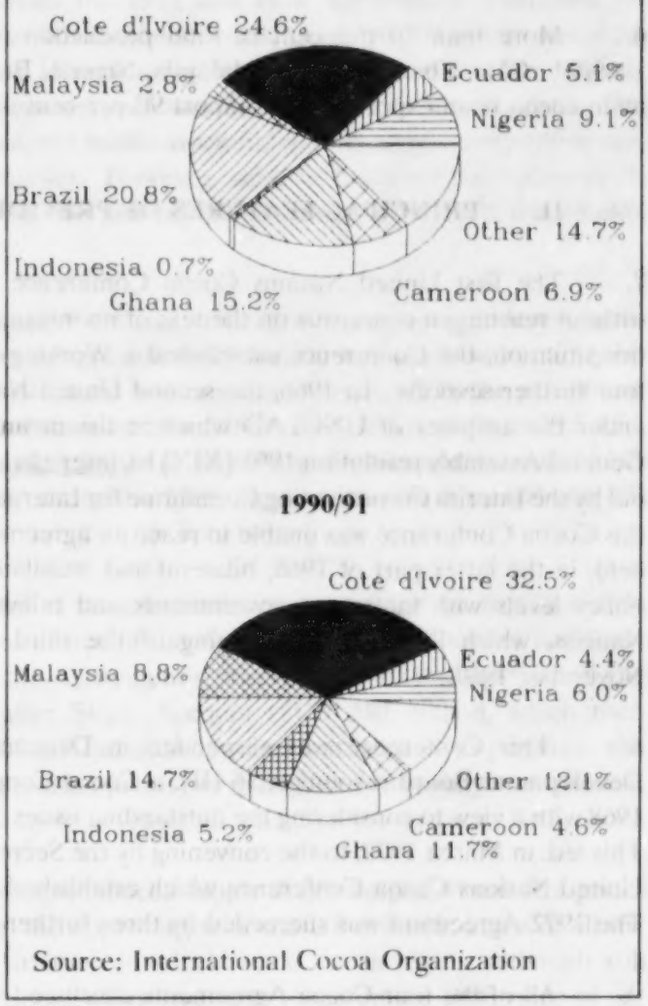
3. There were significant developments in the corporate structure of the cocoa processing and chocolate industry, which became even more internationalized in character. As a result of mergers and take-overs, the structure of world users of cocoa beans became more concentrated, which has consequences for pricing. The chocolate manufacturing industry is dominated by large corporations[3] which generally produce more than 50 per cent of their output outside their home base through the operations of an increasing number of subsidiaries and other branches spread over the world. Industry stock requirements were considerably reduced owing to a combination of factors such as, ready availability of supplies, greater efficiency in communications and transportation and handling. In addition, industry stocks were kept generally at a minimum, particularly in view of the historically high levels of interest rates.

2. All data shown pertaining to Germany prior to 3 October 1990 are indicated separately for the Federal Republic of Germany (FRG) and the former German Democratic Republic (GDR).

3. Mars Inc. (USA), Hershey Foods (USA), Nestle S.A. (Switzerland), Cadbury Schweppes PLC (United Kindgdom) and Jacobs Suchard S.A. (Switzerland) which was taken over by Philip Morris (USA) in June 1990.

4. Consuming countries of Western Europe and North America increased their share of cocoa processing from 50 to 56 per cent of world grindings and account for a larger part of total exports of cocoa powder, cake and paste/liquor. Germany became the largest grinder of cocoa beans by 1990/91 with 13 per cent of world grindings. The share of Eastern Europe and USSR in total grindings fell dramatically in the decade from 12 to 5.9 per cent. Brazil and Côte d'Ivoire were the leading countries in cocoa processing among the producers with a share in world grindings amounting to 11.4 and 4.7 per cent in 1990/91 respectively. Brazil has one of the world's largest grinding capacities and is the world's major exporter of cocoa paste/liquor and the second largest exporter of cocoa powder and butter after the Netherlands. Other producers such as Malaysia and, to a lesser extent, Indonesia, also increased their processing of cocoa, but they still represent a small proportion of world grindings and trade of cocoa products.

Chart 3: Major producers of cocoa beans (percentage share of world production)



Source: International Cocoa Organization

5. During the eighties, cocoa production grew at an annual average growth rate of approximately 3.7 per cent. Accompanying the rapid growth of output in a number of major traditional cocoa producing countries, the geographical basis of production broadened with the emergence of South East Asia as an important new producing region (see chart 3). Côte d'Ivoire accounted for almost 50 per cent of the growth in production, while Malaysia and Indonesia increased their share of world production from under 4 to more than 14 per cent. Production in Brazil was erratic and fell from 20.8 per cent to only 14.7 of world total output. In Ghana, production declined in the first half of the eighties and was particularly affected by a drought in 1983/84, that trend being reversed in the second half of the decade. Many producing countries encouraged cocoa production in an endeavour to increase export earnings and international financial institutions supported them in this regard. World cocoa supply

became less vulnerable to climatic factors and competition among producers for market shares increased. The progressive introduction and use of new hybrid varieties, particularly in South-East Asia, boosted yield threefold. Their potential is far from being exhausted and their major impact is still to come.

6. More than 70 per cent of total production of cocoa beans entered world trade in 1989/90. Côte d'Ivoire, Ghana, Malaysia, Nigeria, Brazil, Cameroon and Indonesia were the main cocoa bean exporters with almost 90 per cent of the market in 1989/90.

II. PRINCIPAL FEATURES OF PREVIOUS COCOA AGREEMENTS

7. The first United Nations Cocoa Conference was convened in 1963, but adjourned without reaching a consensus on the text of an international cocoa agreement. In the light of this situation, the Conference established a Working Party on Prices and Quotas which held four further sessions. In 1966, the second United Nations Cocoa Conference was convened under the auspices of UNCTAD which in the meantime had been established pursuant to General Assembly resolution 1995 (XIX) to, inter alia, perform the functions previously carried out by the Interim Co-ordinating Committee for International Commodity Arrangements. Since this Cocoa Conference was unable to reach an agreement, the Secretary-General of UNCTAD held, in the latter part of 1966, bilateral and multilateral consultations at both technical and policy levels with interested governments and relevant specialized agencies of the United Nations, which led to the convening of the third United Nations Cocoa Conference in November 1967.

8. This Conference was suspended in December 1967 and, pursuant to Trade and Development Board resolution 16 (II), a Cocoa Consultative Group was established in June 1968 with a view to considering the outstanding issues of a draft international cocoa agreement. This led, in March 1972, to the convening by the Secretary-General of UNCTAD of the fourth United Nations Cocoa Conference which established the first international cocoa agreement. The 1972 Agreement was succeeded by three further Agreements in 1975, 1980 and in 1986.

9. All of the four Cocoa Agreements concluded to date had as their main objectives the prevention of excessive fluctuations in the price of cocoa, the assurance of adequate supplies at reasonable prices, equitable for producers and consumers, as well as the facilitation of the expansion of consumption and, if necessary, and in so far as possible, an adjustment of production, so as to secure an equilibrium in the long term between supply and demand. The objective of increasing "the earnings from the exports of cocoa of producing member countries" was excluded as an objective of the 1986 Agreement although included in the previous three. Two new and broader-based objectives were included in the 1986 Agreement relating to:

(i) the promotion of the development and strengthening of co-operation in all sectors of the world cocoa economy; and (ii) the provision of an appropriate forum for the discussion of all matters relating to the world cocoa economy[4].

10. The price defence instruments under the 1972 and 1975 Agreements comprised an export-quota scheme and a buffer stock with a maximum capacity of 250,000 tonnes designed to absorb production in excess of quotas. However, price regulatory action was never taken during the life-span of these two Agreements as world cocoa prices stayed above the Agreements' price range. In consequence, the buffer stock did not accumulate any cocoa nor was it in a position to intervene in the market. However, sizeable funds for the buffer stock were built up through the levy system on exports and imports of cocoa and by 1980, these funds amounted to $US 230 million.

11. The International Cocoa Agreement, 1980, was different from its two predecessors in that the quota system was abandoned and the price-defence mechanism was based entirely on a buffer stock. The level of prices to be defended was raised and the width of the price band was increased. The price range, which had been increased from 23-32 US cents/lb to 29.5-38.5 US cents/lb under the 1972 Agreement and to 39-55 US cents/lb and subsequently to 65-81 US cents/lb under the 1975 Agreement, was under the 1980 Agreement raised to 100-160 US cents/lb.

12. Under the 1980 Agreement the buffer stock became operational for the first time. By 1982, within three months of the entry into force of the Agreement, 100,000 tonnes had been purchased into the stock in defence of the Agreement's price range. In the process, all the available financial resources of the Buffer Stock Account ($US 230 million, which then represented a little under 40 per cent of the financial requirement needed to purchase the entire Buffer Stock capacity at prevailing market prices) were depleted so rapidly as to prevent further purchases.

13. In 1983 and 1984, a substantial drought-induced supply deficit helped to stabilize prices within the Agreement's range. However, the appreciation of the US dollar in terms of all the major currencies created the peculiar situation in which world cocoa prices, although still nominally within the Agreement's price range, which had been based on the 1980 value of the US dollar, exceeded the original negotiated equivalents of the "maximum price" in most other currencies. This situation was to be corrected in the 1986 Agreement with the denomination of the price in a basket of currencies represented by the Special Drawing Right or SDR of the International Monetary Fund (IMF).

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4. For the text of the 1986 Agreement, see International Cocoa Agreement, 1986, (United Nations publication, Sales No. TD/COCOA.7/22/Rev.1).

14. The 1986 Agreement, like its immediate predecessor, relied upon a buffer stock mechanism as its main instrument. Unlike its predecessor, however, the 1986 Agreement provided a supplementary price-defence mechanism based on a stock withholding scheme. Under this scheme, up to a total of 120,000 tonnes could be withheld by exporting countries when certain conditions relating to the exhaustion of either the physical or financial capacity of the buffer stock and to the level of prices had been met. The 1986 Agreement also provided for an annual review and fall-back formula for prices, as well as a special review and revision of prices.

15. The levy-financed buffer stock under the 1986 Agreement reached its maximum capacity of 250,000 tonnes in February 1988 and the withholding scheme was never put into effect. On March 1990, the International Cocoa Council extended the Agreement "in part" for a period of two years from 1 October 1990, and decided to maintain the buffer stock during the period of extension.

III. STRUCTURE AND FUNCTIONS OF THE INTERNATIONAL COCOA ORGANIZATION (ICCO)

16. The highest authority of the Organization is the International Cocoa Council. It exercises all such powers and performs or arranges for the performance of all such functions as are necessary to carry out the provisions of the Agreement. The Executive Committee, which consists of ten exporting members and ten importing members, inter alia, keeps the cocoa market under continuous review and recommends to the Council such measures as it may consider advisable. The Finance Committee assists the Executive Committee in dealing with the Organization's financial affairs.

17. The Executive Director, which is appointed by the Council, is the chief administrative officer of the Organization and is responsible to the Council for the administration and operation of the Agreement in accordance with the decisions of the Council. The Buffer Stock Manager, also appointed by the Council, is responsible for the functions relating to the operation of the buffer stock.

18. In order to receive an authoritative advice on how to perform its functions more efficiently, the Council revitalized the Advisory Group on the World Cocoa Economy in December 1987. This advisory group takes the form of a large specialized panel where a broad range of issues of crucial importance to the well-being of the world cocoa economy are discussed, such as rationalization of cocoa production, stocks, means of increasing cocoa consumption, including alternative uses for cocoa, quality of cocoa, containerization and related aspects, the establishment of a system for the collection of different varieties of cocoa beans, cocoa data bank and other issues of relevance to the world cocoa economy. These activities would further contribute to the objective of achieving sustainable management of cocoa production. The Advisory Group reports to the Council. Its recommendations have included, among others, the establishment of the Cocoa Promotion Committee, as well as four expert working groups dealing respectively with quality, research, rationalization of supply and stocks.

19. The Council established the Cocoa Promotion Committee at its thirty-sixth regular session under Article 51 (4) of the 1986 Agreement. The aim of that committee is to study and reports to the Council on ways to stimulate the expansion of cocoa consumption in selected countries, including the review of country-specific programmes (ex: Japan, Republic of Korea,

China), the creation of a Promotion Fund to finance cocoa promotion projects and studies, as well as discriminatory taxes affecting chocolate consumption. In addition, the Cocoa Promotion Committee assesses the opportunities for expansion in traditional and possible new uses and evaluates product-specific programmes (e.g. promotion of cocoa powder).

20. The Expert Working Group on Quality was set up by the Council at its thirty-sixth regular session held in September 1988. This expert working group received the mandate to study and discuss thoroughly issues relating to the quality of cocoa beans and cocoa butter, including a quality clause for a new select-quality cocoa bean contract, sampling procedures for cocoa beans, environmental issues such as pesticide residues and co-operation in the cocoa industry on contaminant levels, cut-tests, off-favours, free fatty acid levels, moisture content, bean size, as well as guidelines for harvesting and post harvest preparation of cocoa.

21. The Expert Working Group on Research was also established by the Council in September 1988. This Expert Working Group is designed at supporting the Council in its tasks relating to the promotion of scientific research and development. It considers matters such as priorities in cocoa research, including financial aspects, measures to improve efficiency in research and dissemination of findings, as well as the scope of the ICCO in promoting cocoa research. Moreover, it provides an authoritative advice on the progress and direction of several cocoa-related projects such as the international cocoa genebank project.

22. At its thirty-eighth regular session held in September 1989, the Council decided to set up the Working Group on rationalization of supply. It provides the Council with an expert opinion on ways to achieve a better balance between production and consumption through the various aspects of supply management.

23. The Expert Working Group on Stocks was also established by decision of the Council in September 1989. This Expert Working Group considers and studies the problems of assessing the world level of cocoa stocks, including statistical and adjustment factors, and supports the Council in assessing world stocks of cocoa beans. It should be highlighted that the ICCO and its expert working groups and specialized committees provide a unique international forum for specialists to address, on an ongoing basis, such matters of importance to the harmonious development of the world cocoa economy, with a view of initiating a concerted and effective international action in the interest of both producing and consuming countries.

24. The ICCO acts as a centre for the efficient collection, exchange and dissemination of statistical information on world production, prices, consumption, exports, imports and stocks of cocoa. The ICCO publications relating to economic, statistical and other cocoa-related information represent important functions performed by the Organization in terms of enhancing market transparency and providing reliable information. The ICCO statistical publications are currently the most important source of data on the world cocoa economy. Worthy of a special mention in this regard are: The Quarterly Bulletin of Cocoa Statistics, the global and individual country studies of production and consumption, the newly launched Cocoa Newsletter and the World Cocoa Directory released in 1991.

25. It should be noted that, at the request of the International Cocoa Council, the ICCO has been designated as an International Commodity Body (ICB) in October 1990 by the Executive Board of the Common Fund for Commodities. As an ICB, it is empowered to sponsor, for possible financing through the Second Account of the Common Fund for Commodities, eligible cocoa-related projects usually covering such areas as research and development, productivity improvements, vertical cocoa diversification and marketing.

IV. NEGOTIATION OF A SUCCESSOR AGREEMENT

26. At its fourteenth special session, held on 19 and 20 June 1991, the International Cocoa Council, reconfirming the acceptance of producers and consumers of the decision of March 1990 to continue the search for adequate solutions to the problems of the world cocoa economy in the framework of a new international cocoa agreement, decided, inter alia, to establish a Preparatory Working Group to explore the possibilities of a new International Cocoa Agreement.

27. At its forty-third regular session held from 19 to 21 February 1992, the International Cocoa Council adopted the following decision:

"The COUNCIL,

RECONFIRMING the acceptance of producers and consumers of the decision of March 1990 to continue the search for adequate solutions to the problems of the world cocoa economy in the framework of a new international cocoa agreement,

HAVING EXTENDED the International Cocoa Agreement 1986 (as extended) to 30 September 1993, and thereby allowing time for the negotiation of a new economic agreement,

DESIROUS of maintaining the International Cocoa Organization as a forum for co-operation between producers and consumers in the world cocoa economy,

CONSIDERING the report of the Chairman of the Preparatory Working Group contained in document PWG/ICCA/5/10,

NOTING that the economic mechanisms in a new agreement should be built upon production policy and supply management,

DECIDES

TO REQUEST the Secretary-General of UNCTAD to convene a United Nations Cocoa Conference in Geneva for the periods 21 April - 1 May and 6-24 July 1992 to negotiate a new economic cocoa agreement;

TO REQUEST the Executive Director to forward the International Cocoa Agreement, 1986 (in square brackets) to UNCTAD, as a background document for the Conference with an appropriate covering note indicating that its contents are not binding and do not include all the positions and provisions to be considered by the Conference;

FURTHER DECIDES

TO RECONVENE the Preparatory Working Group at a date to be decided[5];

THAT the preparatory Working Group, taking into account what is stated above, should prepare a paper to serve as a basis for the negotiating Conference;

THAT, in order to facilitate the work of the Preparatory Working Group, the Executive Director should prepare a document outlining the structure of what could be the new economic agreement."

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5. The Preparatory Working Group is scheduled to meet again from 23 to 25 March 1992.

ANNEX I

GROSS PRODUCTION OF COCOA BEANS BY COUNTRY, 1988/89 TO 1990/1991

Country		1988/89	1989/90	1990/91	Average Three-year period 1988/89-1990/91	
		(thousand tonnes)				Per cent
Côte d'Ivoire	m	848.9	714.0	815.0	792.6	32.29%
Brazil	m	324.1	347.9	368.0	346.7	14.12%
Ghana	m	301.1	295.1	293.4	296.5	12.08%
Malaysia		225.0	243.0	221.0	229.7	9.36%
Nigeria	m	165.0	160.0	150.0	158.3	6.45%
Cameroon	m	129.4	125.7	115.0	123.4	5.03%
Indonesia		93.0	115.0	130.0	112.7	4.59%
Ecuador	m	86.7	95.2	111.1	97.7	3.98%
Dominican Republic		43.0	58.0	60.0	53.7	2.19%
Colombia		50.0	50.0	52.0	50.7	2.06%
Mexico	m	42.0	43.0	43.0	42.7	1.74%
Papua New Guinea	m	48.0	40.8	33.0	40.6	1.65%
Venezuela	m	10.2	14.4	15.5	13.4	0.54%
Peru		11.5	11.0	11.0	11.2	0.45%
Philippines		8.0	9.0	9.0	8.7	0.35%
Togo	m	9.4	6.1	9.0	8.2	0.33%
Sierra Leone	m	7.6	5.4	9.5	7.5	0.31%
Equatorial Guinea		5.3	7.6	7.0	6.6	0.27%
India		6.0	6.0	6.0	6.0	0.24%
Costa Rica		4.5	4.8	4.8	4.7	0.19%
Zaire		4.5	3.6	4.0	4.0	0.16%
Sao Tome and Principe		4.3	2.8	3.0	3.4	0.14%
Solomon Islands		2.7	3.6	3.4	3.2	0.13%
Bolivia		2.5	3.5	3.5	3.2	0.13%
Liberia		3.0	4.5	2.0	3.2	0.13%
Haiti	m	2.8	2.8	2.5	2.7	0.11%
Madagascar		2.8	2.5	2.5	2.6	0.11%
Honduras		2.2	2.3	2.5	2.3	0.10%

ANNEX I (continued)

GROSS PRODUCTION OF COCOA BEANS BY COUNTRY, 1988/89 TO 1990/1991

Country		1988/89	1989/90	1990/91	Average Three-year period 1988/89-1990/91	
		(thousand tonnes)				Per cent
Cuba		2.2	2.2	2.2	2.2	0.09%
Tanzania		1.9	2.0	2.5	2.1	0.09%
Sri Lanka		2.0	2.0	2.0	2.0	0.08%
Vanuatu		1.4	2.2	2.2	1.9	0.08%
Jamaica	m	1.3	2.1	1.8	1.7	0.07%
Trinidad and Tobago	m	1.4	2.0	1.8	1.7	0.07%
Gabon	m	1.9	1.6	1.6	1.7	0.07%
Congo		1.6	1.0	1.0	1.2	0.05%
Grenada	m	1.3	1.0	1.0	1.1	0.04%
Panama		1.0	1.0	1.0	1.0	0.04%
Guatemala	m	1.1	0.6	0.7	0.8	0.03%
Samoa	m	0.5	0.5	0.5	0.5	0.02%
Uganda		0.3	0.3	0.4	0.3	0.01%
Fiji		0.2	0.4	0.3	0.3	0.01%
Nicaragua		0.1	0.3	0.3	0.2	0.01%
Saint Lucia		0.1	0.1	0.1	0.1	0.00%
Others a/		0.4	0.3	0.4	0.4	0.01%
World total b/		2461.8	2396.9	2506.1	2454.9	100.00%

Note: a/ Countries which individually reported, on average, less than 100 tonnes per annum in the three-year period 1988/89 to 1990/91.

b/ Totals may differ from the sum of constituents due to rounding.

m Member of International Cocoa Agreement, 1986.

Source: International Cocoa Organization, Quarterly Bulletin of Cocoa Statistics, Vol. XVIII, No. 1 (December 1991).

ANNEX II

COCOA CONSUMPTION BY FINAL CONSUMERS BY COUNTRY, 1987/88 TO 1989/1990 a/

Country b/		1987/88	1988/89	1989/90	Average Three-year period 1987/88-1989/90	
		(thousand tonnes)				Per cent
United States		524.2	488.0	562.4	524.84	25.83%
Germany, Fed. Rep. of	m	186.0	199.6	231.4	205.64	10.12%
USSR	m	159.6	245.3	134.2	179.71	8.84%
United Kingdom	m	140.4	156.1	162.1	152.88	7.52%
France	m	126.4	131.0	146.2	134.52	6.62%
Japan	m	104.1	113.4	109.5	109.00	5.36%
Italy	m	61.5	66.1	68.7	65.44	3.22%
Brazil	m	49.3	62.7	74.1	62.02	3.05%
Spain	m	51.2	50.6	52.0	51.27	2.52%
Canada		52.0	48.6	51.0	50.57	2.49%
Belgium/Luxembourg	m	36.3	38.8	47.2	40.76	2.01%
Colombia		41.6	38.0	39.2	39.57	1.95%
Switzerland	m	28.5	33.7	34.2	32.13	1.58%
Australia		28.7	32.1	32.5	31.10	1.53%
Mexico	m	28.1	30.5	34.2	30.95	1.52%
German Democratic Rep.	m	26.9	28.9	22.2	26.00	1.28%
Austria		21.8	24.7	27.8	24.75	1.22%
Netherlands	m	23.9	25.9	23.0	24.26	1.19%
Poland		18.4	28.3	20.2	22.30	1.10%
Hungary	m	16.4	18.4	15.4	16.75	0.82%
Yugoslavia	m	17.2	16.5	14.2	15.97	0.79%
Czechoslovakia	m	15.6	21.6	9.8	15.66	0.77%
Sweden	m	16.2	13.9	14.6	14.91	0.73%
Greece	m	13.1	14.6	13.8	13.84	0.68%
China		17.8	17.8	4.7	13.45	0.66%
Norway	m	12.5	11.6	12.8	12.31	0.61%
South Africa		9.8	10.5	11.3	10.52	0.52%
Denmark	m	9.8	9.9	10.2	9.96	0.49%
Argentina		11.4	9.1	8.9	9.79	0.48%
Indonesia		8.1	7.6	11.5	9.08	0.45%

ANNEX II (continued)

COCOA CONSUMPTION BY FINAL CONSUMERS BY COUNTRY, 1987/88 TO 1989/1990 a/

Country b/		1987/88	1988/89	1989/90	Average Three-year period 1987/88-1989/90	
		(thousand tonnes)				Per cent
Malaysia		4.7	8.6	11.2	8.16	0.40%
Romania		7.5	6.2	8.8	7.49	0.37%
Ecuador	m	11.4	4.9	6.2	7.47	0.37%
Portugal	m	6.7	7.2	6.8	6.89	0.34%
Turkey		5.8	5.4	9.0	6.75	0.33%
Bulgaria	m	7.4	7.1	5.6	6.71	0.33%
Israel		7.7	5.0	5.1	5.93	0.29%
Philippines		2.4	3.1	11.8	5.76	0.28%
Finland	m	4.4	5.5	6.2	5.37	0.26%
Venezuela	m	5.8	4.6	5.7	5.36	0.26%
Korea, Republic of		1.4	1.3	7.6	3.45	0.17%
New Zealand		4.8	2.5	2.9	3.38	0.17%
Dominican Republic		2.5	2.7	3.3	2.82	0.14%
Sri Lanka		1.7	1.8	1.9	1.83	0.09%
Egypt		2.1	1.5	0.5	1.39	0.07%
Libyan Arab Jamaharia		1.4	1.0	1.0	1.17	0.06%
Iceland		0.9	0.9	1.1	0.97	0.05%
Morocco		0.8	0.7	0.7	0.71	0.04%
Malta		0.3	0.4	0.6	0.46	0.02%
Lebanon		0.4	0.2	0.2	0.26	0.01%
Total c/		1936.8	2064.4	2095.7	2032.3	100.00%

Note: a/ Calculated as grindings of cocoa beans plus net imports of cocoa products and of chocolate and chocolate products in beans equivalent, using the following conversion factors: cocoa butter 1.33; cocoa powder and cake 1.18; cocoa paste/liquor 1.25; chocolate and chocolate products 0.40 (0.20 is used in those cases where chocolate products are identified as containing only half the normal quantity of cocoa).

b/ Some cocoa-producing countries and cocoa-importing countries are not included because of data problems and additional complications associated with changes in stocks and appropriateness of conversion factors.

c/ Totals may differ from the sum of constituents due to rounding.

m Member of International Cocoa Agreement, 1986

Source: International Cocoa Organization, Quarterly Bulletin of Cocoa Statistics, Vol. XVIII, No. 1 (December 1991).

ANNEX III

NET EXPORTS OF COCOA BEANS AND COCOA PRODUCTS IN BEANS EQUIVALENT, 1987/88 TO 1989/90 a/

Country b/		1987/88	1988/89	1989/90	Average Three-year period 1987/88-1989/90	
	(thousand tonnes)					Per cent
Côte d'Ivoire	m	472.3	868.0	736.4	692.26	33.39%
Brazil	m	323.6	254.7	270.0	282.76	13.64%
Ghana	m	182.3	300.4	254.5	245.75	11.85%
Malaysia		220.2	213.3	226.0	219.81	10.60%
Nigeria	m	150.2	159.2	142.8	150.73	7.27%
Cameroon	m	136.8	125.6	123.1	128.48	6.20%
Ecuador	m	68.4	83.1	105.1	85.56	4.13%
Indonesia		49.5	84.3	100.0	77.96	3.76%
Dominican Republic		50.0	39.3	53.3	47.51	2.29%
Papua New Guinea	m	33.4	47.9	40.8	40.69	1.96%
Colombia		16.4	11.0	9.4	12.27	0.59%
Mexico	m	14.9	10.3	8.0	11.06	0.53%
Peru		11.3	8.7	4.9	8.29	0.40%
Togo	m	9.2	9.4	6.1	8.22	0.40%
Sierra Leone	m	9.3	7.5	5.3	7.38	0.36%
Equatorial Guinea		8.3	5.3	7.6	7.09	0.34%
Venezuela	m	6.8	5.7	8.4	6.97	0.34%
Zaire		5.7	4.6	3.6	4.61	0.22%
Sao Tome and Principe	m	4.7	4.3	2.8	3.92	0.19%
Liberia		2.9	3.0	4.5	3.47	0.17%
Solomon Islands		2.5	2.7	3.6	2.95	0.14%
Costa Rica		3.0	2.7	2.9	2.86	0.14%
Haiti	m	2.8	2.8	2.8	2.79	0.13%
Madagascar		2.1	2.8	2.5	2.47	0.12%
Philippines		3.1	5.1	-1.5	2.21	0.11%
Honduras		1.6	1.9	2.0	1.82	0.09%
Tanzania		1.6	1.9	2.0	1.82	0.09%

ANNEX III (continued)

NET EXPORTS OF COCOA BEANS AND COCOA PRODUCTS IN BEANS EQUIVALENT, 1987/88 TO 1989/90 a/

Country b/		1987/88	1988/89	1989/90	Average Three-year period 1987/88-1989/90	
		(thousand tonnes)				%
Gabon	m	1.6	1.9	1.6	1.69	0.08%
Vanuatu		0.8	1.4	2.2	1.46	0.07%
Grenada	m	1.6	1.3	1.1	1.32	0.06%
Congo		1.3	1.6	0.9	1.26	0.06%
Trinidad and Tobago	m	1.2	0.8	1.4	1.13	0.05%
Jamaica	m	1.5	0.4	1.3	1.08	0.05%
Bolivia		0.5	0.5	1.4	0.83	0.04%
Guatamala		1.4	0.7	0.1	0.73	0.04%
Samoa	m	0.7	0.5	0.5	0.55	0.03%
Benin		1.2	0.1	-	0.42	0.02%
Uganda		0.2	0.3	0.2	0.24	0.01%
Fiji		0.3	-	0.3	0.20	0.01%
India		0.2	0.2	0.2	0.17	0.01%
Sri Lanka		0.2	0.2	0.1	0.14	0.01%
Panama		-	0.1	0.2	0.10	-
Suriname		0.1	-	0.1	0.07	-
Saint Lucia		0.1	-	-	0.02	-
Dominica		-	-	-	0.01	-
Comoros Islands		-	-	-	0.01	-
Total c/		1804.6	2273.2	2136.7	2073.16	100.00%

Note: a/ Net exports of cocoa beans plus net exports of cocoa products converted to beans equivalent using the following conversion factors: cocoa butter 1.33; cocoa powder and cake 1.18; cocoa paste/liquor 1.25.

b/ List restricted to countries which individually reported, on average, 100 tonnes in the three-year period 1987/88 to 1989/90.

c/ Totals may differ from the sum of constituents due to rounding.

m Member of International Cocoa Agreement, 1986.

Source: International Cocoa Organization, Quarterly Bulletin of Cocoa Statistics, Vol. XVIII, No. 1 (December 1991).

ANNEX IV

NET IMPORTS OF COCOA BEANS AND GROSS IMPORTS OF COCOA PRODUCTS IN BEANS EQUIVALENT, 1987/88 TO 1989/90 a/

Country b/		1987/88	1988/89	1989/90	Average Three-year period 1987/88-1989/90	
		(thousand tonnes)				Per cent
United States		528.4	499.2	612.2	546.60	22.57%
Germany, Federal Republic of	m	275.8	334.1	361.2	323.70	13.37%
Netherlands	m	244.2	273.6	313.5	277.07	11.44%
USSR	m	159.4	245.1	133.8	179.42	7.41%
United Kingdom	m	145.3	187.6	189.9	174.28	7.20%
France	m	138.0	138.9	165.0	147.31	6.08%
Belgium/Luxembourg	m	64.5	75.6	92.7	77.58	3.20%
Italy	m	70.3	75.1	79.6	75.01	3.10%
Japan	m	68.4	71.6	79.9	73.32	3.03%
Singapore		49.5	50.1	78.2	59.25	2.45%
Spain	m	57.0	55.7	60.6	57.75	2.38%
Canada		47.3	49.2	52.1	49.53	2.05%
Switzerland	m	38.6	43.8	44.1	42.17	1.74%
Australia		32.0	33.0	33.3	32.80	1.35%
Poland		22.6	32.6	23.3	26.19	1.08%
German Democratic Republic	m	26.1	27.9	18.9	24.32	1.00%
Austria		21.1	24.2	25.5	23.59	0.97%
China		21.3	21.4	11.1	17.92	0.74%
Sweden	m	18.0	17.2	18.0	17.76	0.73%
Hungary	m	18.0	19.9	14.5	17.46	0.72%
Yugoslavia	m	18.5	16.6	11.3	15.46	0.64%
Czechoslovakia	m	15.4	21.1	9.7	15.41	0.64%
Ireland	m	11.9	14.2	18.7	14.94	0.62%
Greece	m	13.0	13.4	13.3	13.24	0.55%
South Africa		10.0	10.7	11.9	10.87	0.45%
Argentina		11.3	9.2	9.0	9.85	0.41%
Norway	m	9.2	7.9	9.4	8.84	0.37%
Finland	m	7.6	8.3	8.7	8.22	0.34%

ANNEX IV (continued)

NET IMPORTS OF COCOA BEANS AND GROSS IMPORTS OF COCOA PRODUCTS IN BEANS EQUIVALENT, 1987/88 TO 1989/90 a/

Country b/		1987/88	1988/89	1989/90	Average Three-year period 1987/88-1989/90	
		(thousand tonnes)				Per cent
Korea, Republic of		7.5	5.9	11.2	8.21	0.34%
Turkey		6.3	6.3	9.6	7.43	0.31%
Denmark	m	7.5	7.3	7.3	7.39	0.31%
Romania		7.4	6.2	7.7	7.09	0.29%
New Zealand		8.0	6.4	6.4	6.94	0.29%
Bulgaria	m	6.9	7.0	5.2	6.37	0.26%
Israel		7.6	5.1	5.0	5.90	0.24%
Portugal	m	5.2	5.0	4.0	4.73	0.20%
Hong Kong		9.3	4.1	0.6	4.68	0.19%
Chile		3.6	5.0	3.7	4.12	0.17%
Philippines		0.8	0.3	10.2	3.77	0.16%
Thailand		1.5	1.9	4.6	2.70	0.11%
Uruguay		1.0	1.2	1.9	1.40	0.06%
Tunisia		1.6	1.8	0.8	1.38	0.06%
Egypt		2.1	1.5	0.5	1.36	0.06%
Kenya		1.3	1.3	1.3	1.29	0.05%
Syrian Arab Republic		0.7	1.3	1.6	1.20	0.05%
Algeria		0.6	0.9	1.1	0.84	0.03%
Morocco		0.8	0.7	0.7	0.73	0.03%
Iraq		0.6	0.5	0.6	0.56	0.02%
Iceland		0.5	0.5	0.7	0.56	0.02%
Iran		0.4	0.3	0.9	0.55	0.02%
El Salvador		0.4	0.3	0.8	0.49	0.02%
Lebanon		0.5	0.4	0.4	0.43	0.02%
Jordan		0.3	0.2	0.5	0.34	0.01%
Saudi Arabia		0.3	0.3	0.4	0.32	0.01%
Cyprus		0.2	0.3	0.3	0.28	0.01%
Libyan Arab Jamahiriya		0.2	0.2	0.2	0.24	0.01%
Malta		0.1	0.2	0.1	0.15	0.01%
Zimbabwe		0.1	0.1	0.1	0.09	0.00%
Total c/		2226.2	2450.0	2588.0	2421.4	100.00%

Note: a/ Net imports of cocoa beans plus gross imports of cocoa products converted to beans equivalent using the following conversion factors: cocoa butter 1.33; cocoa powder and cake 1.18; cocoa paste/liquor 1.25.

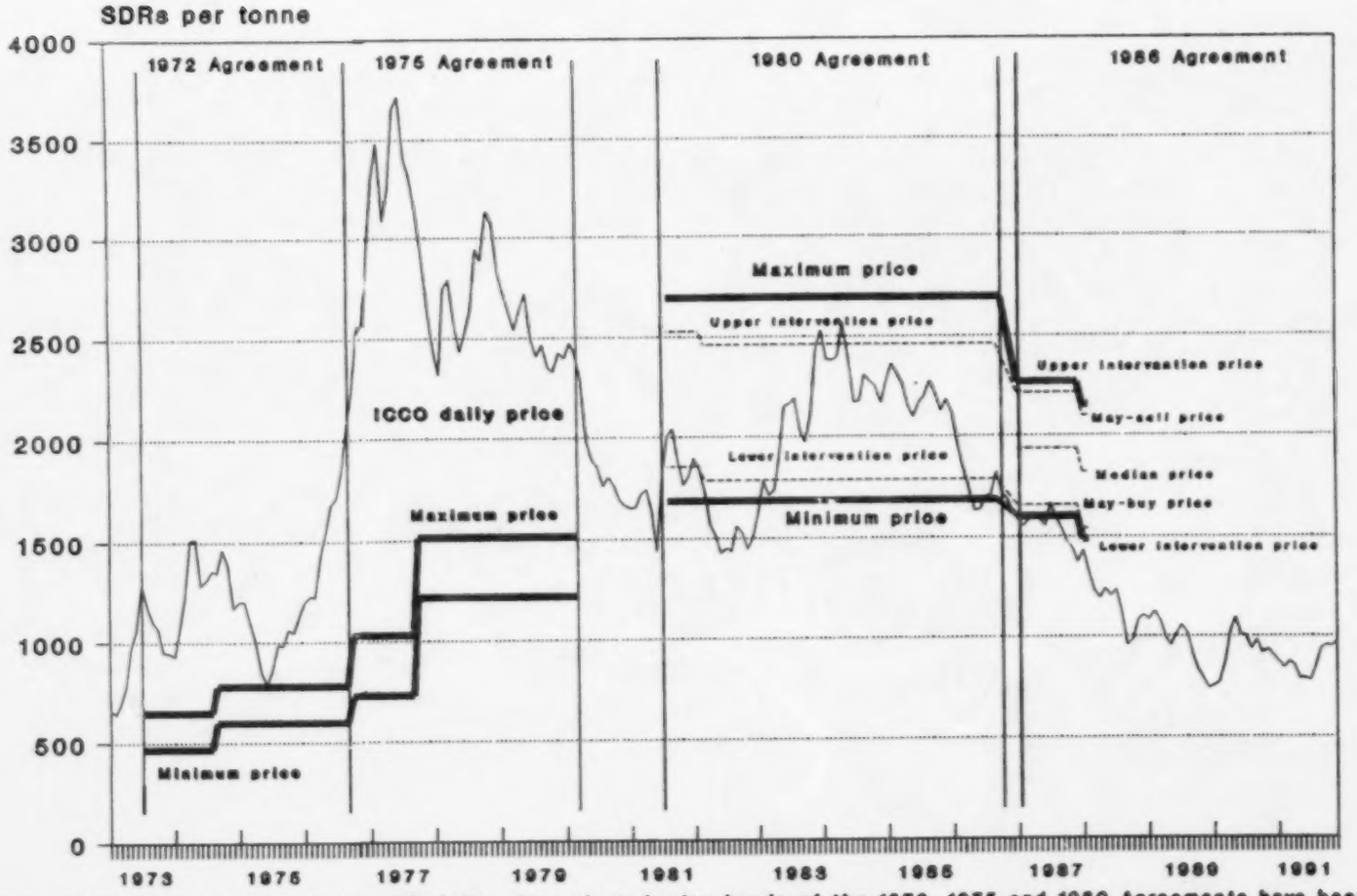
b/ List restricted to countries which individually reported, on average, 100 tonnes in the three-year period 1987/88 to 1989/90.

c/ Totals may differ from the sum of constituents due to rounding.

m Member of International Cocoa Agreement, 1986.

Source: International Cocoa Organization, Quarterly Bulletin of Cocoa Statistics, Vol. XVIII, No. 1 (December 1991).

ICCO daily price and the price bands of the International Cocoa Agreements of 1972, 1975, 1980 and 1986



Note: To facilitate comparison, the US-dollar-denominated price bands of the 1972, 1975 and 1980 Agreements have been expressed in hypothetical SDR terms based on the appropriate US dollar/SDR exchange rate prevailing in the month preceding the conclusion of each Agreement.